NOTICE OF CONFIDENTIALTLY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY BEMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) Paid Op With 640 Acres Pooling Provision STANDARD LEASE



## PAID UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this	6th day of	July	, 2009, by and
between SARA CALLAWAY WILLIAMS,			whose address
s 4717 Springwillow Road, Fo	rt Worth, Texas 76109		as Lessor
and DALE PROPERTY SERVICES, L.L.C., 2100 Ro	ss Avenue, Suite 1870 Dallas To	exas 75201 , as Lessee.	All printed portions of this lease were prepared by the part
hereinabove named as Lessee, but all other provision	is (including the completion of blank	spaces) were prepared ju	ointly by Lessor and Lessee.
<ol> <li>In consideration of a cash bonus in hand paid</li> </ol>	and the covenants herein containe	d, Lessor hereby grants, I	eases and lets exclusively to Lessee the following describer
land, hereinafter called leased premises.			

ACRES OF LAND, MORE OR LESS, BEING BLOCK 19 LOT 2, OUT OF THE MEADOW OAKS ADDITION-HALTOM, AN ADDITION TO THE CITY OF FORT WORTH, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT OF THE PLAT RECORDS OF TARRANT COUNTY, CERTAIN PLAT RECORDED IN VOLUME 1337 PAGE 44 TEXAS.

in the county of TARRANT, State of TEXAS, containing 0.982 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as produced in association to the above-described leased premises, this lease also covers accretions and any small strips or parcels of fand now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

- 2 This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of three years from the date hereof, and for as long thereafter as oil gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in
- effect pursuant to the provisions hereof
  3 Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be Twenty-Five Percent (25%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty-Five Percent (25%) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs (25%) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production there from is not being sold by Lessee, such well or wells are shut-in or production there from is not being sold by Lessee, such well or wells are shut-in or production there from is not being sold by Lessee, such payment to be made to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production there from is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period mext following cessation of such operations or production there from its production is until this lease.
- Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

  4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in <a href="mailto:attender-et-state-et-
- Except as provided for in Paragraph 3, above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled-therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production there from, this lease shall remain in force so long as any one or more of such operations are prosecuted with operations reasonably calculated to obtain or restore production there from, this lease shall remain in torce so long as any one or more or such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no coverant to drill exploratory wells or any additional wells account as particular to contract to producing the producing in paying quantities.
- to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or rands pooled interesting. There shall be no coverant to drill exploratory wells or any additional wells except as expressly provided herein.

  6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms foil well means a well with an initial gas-oil ratio of less than 100,000 cubic feet or more per barret, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing edulpment; and the term "horizontal completion means an oil well in which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production or working operations on the leased premises, except that the production on which Lessor signally is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of
- of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral est
- such part of the leased premises.

  8 The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's and obligations of the parties hereunder shall be binding on Lessee until 60 days. mership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days

after Lessee has been turnished the original or certificular duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder. Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest and failure of the transferree to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by thus lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferree in proportion to the net acreage interest in this lease, then held by each.

9 Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced

in accordance with the net acreage interest retained hereunder.

10 In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably recessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone tines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treal and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises. except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter

11 Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having junisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, tuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's

obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay shall be added to the term hereof Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted in the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fitteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13 No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee en notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and written notice fully describing the breach there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable

there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee's option may pay and discharge any taxes, mortgages or lens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

Notwithstanding anything contained to the contrary in this lease. Lessee shall not have any notits to use the surface of the teased premises for drilling or other

Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may VMTy depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this tense that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners

Paragraphs 17 - 22 are attached hereto and incorporated by reference herein for all purposes.

IN WITNESS WHEREOF, thus tease is executed to be effective as of the date this written above, but upon execution shall be building on the signalory and the signalory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor. LESSOR (WITE THER ONE OR MORE) Signature Signature Printed Name Printed Name ACKNOWLEDGMENT STATE OF TEXAS COUNTY OF TARRANT this instrument was acknowledged before me on the 2009, by Notary Rublic, State of Texas Notary's name (printed). Notary's commission expires. **ACKNOWLEDGMENT** STATE OF TEXAS COUNTY OF TARRANT This instrument was acknowledged before me on the \_ day of , 2009, by Notary Public, State of Texas Notary's name (printed)

## **ADDENDUM**

Attached to and made a part of the certain Paid Up Oil and Gas Lease by and between DALE PROPERTY SERVICES, L.L.C., as Lessee, and SARA CALLAWAY WILLIAMS, as Lessor, dated July 6, 2009

- 17. It is expressly provided that in the event there are conflicts between the printed lease and this addendum, then in that event, the language in the addendum shall control. Lessor hereby warrants and agrees to defend the title to said land BY, THROUGH AND UNDER LESSOR, BUT NOT OTHERWISE.
- 18. Notwithstanding any other provisions herein to the contrary, if a part of the leased premises is included within the lateral boundaries of a pooled unit, or units, drilling operations on or production from or the payment of shut-in royalties on such pooled unit or units shall maintain this lease only as to that portion of the leased premises within the lateral boundaries of such pooled unit or units; provided that the shut-in royalties which may be paid with respect to any such pooled unit, or units, shall be reduced in the proportion that the total number of acres from the leased premises which are not included in such pooled unit, or units, bears to the total number of acres covered by this lease. During the primary term, this lease may be maintained in force as to land not included within the lateral boundaries of such pooled unit, or units, in any manner provided for in this lease, except that if it be delay rentals or shut-in royalty payments, such payments shall be reduced in the proportion that the total number of acres from the leased premises which are included in such pooled unit, or units, bears to the total number of acres covered by this lease. As to that portion of the leased premises not included in such pooled unit, or units, after the expiration of the primary term, this lease may be maintained only by the production of oil, gas or other minerals therefrom or by payment of shut-in royalties thereon (which payments shall be reduced in the proportion that the total number of acres from the leased premises which are included in a pooled unit, or units, bears to the total number of acres covered by this lease) or by operations or other provisions in this lease which pertain to re-working operations or additional operations at or after the expiration of the primary term.
- 19. This lease covers oil, gas and other related hydrocarbons and constituent elements (including sulphur) which, may be produced with oil and gas, reference to "other minerals" hereby deleted.
- 20. Notwithstanding anything contained herein, Lessee shall not conduct any surface operations on the herein leased premises, however, Lessee shall have the right to explore for the oil and gas under the leased premises and the right to drill, operate and produce directional and/or horizontal wells through and under the leased premises, irrespective of the bottom hole locations of such wells. To this end, Lessor grants to Lessee a subsurface easement for all purposes associated with such horizontal and/or directional wells.
- 21. Notwithstanding anything contained herein to the contrary, if, at the expiration of the primary term of this lease, this lease is not being maintained in effect in any manner provided for herein, including but not limited to operations upon or production from this leased premises or on land pooled therewith, or through the payment of delay rentals (if this lease so provides for delay rentals), Lessee shall have the exclusive right and option to renew and extend this lease as to lands then covered thereby or any portion chosen by Lessee for an additional two (2) year primary term, on or before the expiration of the primary term as stated herein, by payment or tender to Lessor or to the credit of Lessor in the above named depository bank, on or before said date, a sum of money equal to Two Thousand Five Hundred and No/100 Dollars (\$2,500.00) per net mineral acre. It is agreed and understood that said renewal payment shall cover any delay rental payment due on or before the end of the original primary term should the lease provide for delay rental payments. Such sum shall be reduced under the applicable lease provisions, including but not limited to proportionate reduction based on ownership of Lessor.
- 22. HOLD HARMLESS: LESSEE SHALL INDEMNIFY AND HOLD LESSOR HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS ACTIONS, LIABILITY, LOSS, DAMAGE OR EXPENSE OF EVERY KIND AND NATURE, INCLUDING, BUT NOT LIMITED TO REASONABLE ATTORNEY'S FEES AND COSTS, FOR DAMAGE TO PROPERTY OF ANY PERSON, FIRM OR CORPORATION OR FOR INJURY TO OR DEATH OF ANY PERSON, INCLUDING, BUT NOT LIMITED TO, THE EMPLOYEES OF LESSEE, ITS SUCCESSORS, ASSIGNS, CONTRACTORS OR SUBCONTRACTORS, WHICH MAY, IN WHOLE OR IN PART, BE CAUSED BY OR ARISE OUT OF OPERATIONS CONDUCTED HEREUNDER OR THE ENJOYMENT OF THIS LEASE OR THE EXERCISE OF ANY RIGHT GRANTED HEREUNDER OR ANY OBLIGATION IMPOSED HEREBY. IN THE

EVENT THIS LEASE IS HELD OR INTERPRETED TO BE WITHIN THE SCOPE OF AN AGREEMENT AS DEFINED AND PROHIBITED BY CHAPTER 127 OF THE TEXAS CIVIL PRACTICE AND REMEDIES CODE ("CHAPTER 127"), THE INDEMNITY PROVIDED HEREIN SHALL BE AMENDED AND CONSTRUED TO LIMIT AND TO EXCEPT FROM ITS APPLICATION ANY INDEMNITY FOR ANY LOSS OR LIABILITY OCCURRING UNDER CIRCUMSTANCES THAT SUCH INDEMNITY IS PROHIBITED OR LIMITED BY THE APPLICATION OF CHAPTER 127 AND LESSEE SHALL INDEMNITY AND HOLD HARMLESS LESSOR, THE SURFACE OWNER AND THEIR RESPECTIVE SUCCESSORS, LEGAL REPRESENTATIVES, ASSIGNS, AGENTS, CONTRACTORS, AND EMPLOYEES, ONLY TO THE EXTENT OF THE MAXIMUM COVERAGES AND DOLLAR LIMITS OR LIABILITY PERMITTED BY CHAPTER 127.

LESSOR:

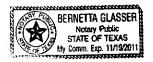
Sara Callaway Williams

THE STATE OF TEXAS

**COUNTY OF TARRANT** 

This instrument was acknowledged before me on this 13 day of

2009, by Sara Callaway Williams.



Notary Public, State of Texas



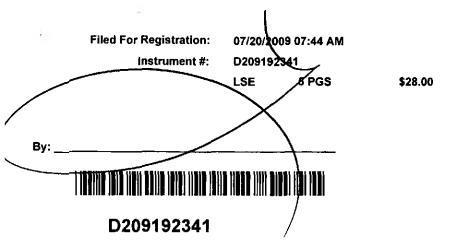
**DALE PROPERTY SERVICES** ATTN: ANN VANDENBERG 2100 ROSS AVE, STE 1870, LB-9

TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE **100 WEST WEATHERFORD** FORT WORTH, TX 76196-0401

## **DO NOT DESTROY** WARNING - THIS IS PART OF THE OFFICIAL RECORD.



ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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